

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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AMERICAN STEAMSHIP OWNERS MUTUAL	:	
PROTECTION AND INDEMNITY	:	No. 04-cv-04309 (LAK)
ASSOCIATION, INC.	:	
	:	
Plaintiff,	:	AFFIDAVIT OF
	:	<u>RICHARD L. BIHN</u>
-against-	:	
	:	
ALCOA STEAMSHIP CO., INC., et al.,	:	(ECF Case)
	:	
Defendants.	:	
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STATE OF OHIO)
) ss.:
COUNTY OF CUYAHOGA)

RICHARD L. BIHN, being duly sworn, deposes and says:

1. The facts stated herein are based on my personal knowledge and/or review of various documents that have either been produced or marked as trial exhibits in this action, and the facts are true to the best of my knowledge, information and belief. I submit this affidavit on behalf of Defendant The Cleveland-Cliffs Steamship Company ("Cliffs Steamship") as defined in its Answer and Counterclaims filed on or about October 8, 2004, in this suit brought against it by the American Steamship Owners Mutual Protection and Indemnity Association, Inc., (the "American Club" or the "Club").

Background

2. I am currently employed as Director – Risk Management of Cleveland-Cliffs Inc, the corporate parent of Cliffs Steamship. Cliffs Steamship is a corporation wholly owned by The Cleveland-Cliffs Iron Company, which in turn is a corporation wholly owned by Cleveland-Cliffs Inc. I have been employed by Cleveland-Cliffs Inc since December of 1986, and have held my current position since June of 2000.

3. Prior to my employment by Cleveland-Cliffs Inc I was employed by Pickands Mather & Co. in the capacity of employee benefits specialist from May 1976 to December 1986.

4. I am a graduate of Hiram College with a bachelor's degree in business and of John Carroll University with an MBA.

Cliffs Steamship's Payments for Insurance Coverage

5. Cliffs Steamship first purchased an insurance policy from the American Club effective from midnight, March 31, 1977, through the end of the 1977/78 insurance year, and continued purchasing insurance policies from the Club through the 1985/86 insurance year. Cliffs Steamship has paid all premiums and assessments for the policies it purchased from the American Club.

Occupational Disease Claims

6. Documents previously produced in this action establish that Cliffs Steamship has presented two occupational disease claims ("ODC's") to the American Club for indemnification, both of which were rejected on the grounds that they did not exceed multiple or "stacked" deductibles.

7. It has always been my understanding, based on documents that I have reviewed, that the American Club was obligated to indemnify Cliffs Steamship for ODC's that occurred in years for which Cliffs Steamship had purchased insurance policies from the Club. When Cliffs Steamship sought indemnification for ODC's from the Club, it did so on the basis that the claims were covered by the relevant policies. Cliffs Steamship has never requested that the Club pay ODC's on a discretionary basis, and as far as I am aware, no one from Cliffs Steamship has ever been informed by the Club that it was paying ODC's on a discretionary basis or that it reserved the right to deny coverage as to future ODC's.

8. I understand that for some period of time when indemnifying its policyholders for ODC's, the American Club applied multiple deductibles when the particular ODC spanned

multiple policy years. The Club applied multiple deductibles when it refused to indemnify Cliffs Steamship with respect to the two ODC's mentioned above.

9. Defendants' Exhibit DX-IS, entitled "Cleveland-Cliffs Chart of Claims Submitted to the American Club for Reimbursement – Net Claim Based on Single Deductible," sets forth the following information with respect to the two rejected claims (Clara E. Bombok and Harold Hodges) which Cliffs Steamship seeks to have recalculated on the basis of a single deductible per claim: (a) the total amount of the claim; (b) the portion of the claim attributable to American Club policy years; (c) the applicable deductible; (d) the amount due to Cliffs Steamship if only a single deductible is applied; and (e) the Bates numbers for the underlying documents containing the information summarized in Exhibit DX-IS. I have reviewed Exhibit DX-IS and the supporting documents referenced therein and confirm that Exhibit DX-IS is a true and correct representation of the information contained in said supporting documents.

10. As to claimant Clara E. Bombok, the Club applied 8 deductibles of \$25,000 each. Cliffs Steamship seeks the \$31,591.26 it would have received had the claim been indemnified on the basis of a single deductible.

11. As to claimant Harold Hodges, the Club applied 8 deductibles of \$25,000 each. Cliffs Steamship seeks the \$22,387.92 it would have received had the claim been indemnified on the basis of a single deductible.

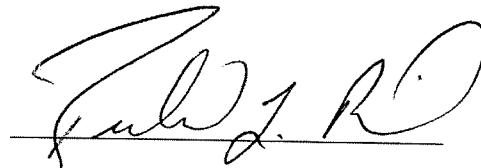
12. In total Cliffs Steamship seeks \$53,979.18 in damages for the claims listed in paragraphs 10 and 11, plus pre- and post-judgment interest, costs and attorneys fees.

13. In addition to the claims listed in Paragraphs 10 and 11, Cliffs Steamship is aware of approximately 176 ODC's pending that may be covered in whole or in part by American Club policies. All of these claims were originally filed in the U. S. District Court of the Northern District of Ohio and have been virtually inactive for some time. These cases may

again become active at any time. Both case specific and general legal expenses have slowly accrued for those cases and may in the future be submitted for indemnification under the relevant American Club policies covering Cliffs Steamship.

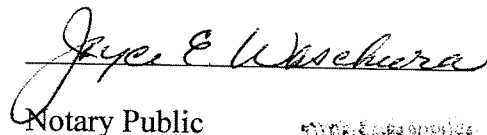
14. I swear that the foregoing is true to the best of my knowledge, information and belief.

Further Affiant Sayeth Not.

A handwritten signature in black ink, appearing to read "Richard L. Bihn", written over a horizontal line.

Richard L. Bihn

Sworn to before me and subscribed in my presence at Cleveland, Ohio, this 24th day of June 2006.

A handwritten signature in black ink, appearing to read "Joyce E. Wasehara", written over a horizontal line.

Notary Public

JOYCE E. WASEHARA
Notary Public, State of Ohio
County of Cuyahoga
My Comm. Expires 7-30-06